

REMARKS

Claims 1-2, 5-7 and 9-11 are pending in this application.

Rejection Under 35 U.S.C. § 103(a) of Claims 1-2, 5-6 and 9-10

The Examiner rejects **claims 1-2, 5-6 and 9-10** under 35 U.S.C. § 103(a) as unpatentable over Hite et al. (US Patent No. 5774170) (herein after Hite '170); in view of Hite et al. (US Patent No. 5805974) (herein after Hite '974).

Claim 1

**Claim 1** includes the limitations:

*storing on a shared personal video recorder (PVR) network server at a distribution head end one or more TV programs containing a first class of metadata including a start location and a stop location of potentially undesired segments;*

*retrieving one of the TV programs for display;*

*defining, with a second class of metadata, unwanted segments specific to a user of said TV display,*

*matching the first class of metadata with the second class of metadata;*

*removing, responsive to matching the first class of metadata with the second class of metadata, undesired segments from the TV program; and*

***reimbursing source content suppliers for a financial loss occasioned by removed material, wherein the source content suppliers are distinct from an operator of the distribution head end.***

These limitations are not found in Hite '170 in view of Hite '974.

The Examiner helpfully acknowledges that the final claim element is not present in either of the Hite references. OA, pp. 5-6. However, the Examiner argues that Hite '974, col. 3 line 45 – col. 4 line 19, reproduced below, reads on reimbursing content suppliers. Reading the passages cited creates an impression that Hite has a weak grasp on pricing of advertising, when he proposes increasing the cost of advertising for a “synchronized commercial.”

further improvement accommodates this situation. In the further improvement, programmers are provided with a financial incentive to synchronize the commercials and are measured and rewarded according to their willingness and ability to comply. The incentive is based on a formula which is determined by business conditions.

An example is provided. In this example, all participating networks are supplied with precise time signals as above. The networks will precisely synchronize their commercials if this does not disrupt their programming. If a disruption is caused, the precision of the synchronization may be reduced. An important part of this further process is the measurement and logging of the timing of the commercial insertions. This data is relayed to a central point. Statistical data on network viewership is also accumulated. The total number of viewers covered by properly synchronized commercials is tallied and compared with the viewership rates for the broadcast networks. If the total number of viewers of a synchronized commercial is equivalent to that of the top rated broadcast network, the CPM rate used for that broadcast network applies to each complying cable network. The complying network is rewarded with that higher CPM applied to its viewership numbers. Any network which fails to synchro-

nize gets the normal cable CPM for a stand-alone commercial. If the total number of viewers of a synchronized commercial is equivalent to that of the second rated broadcast network, the CPM rate used for that broadcast network applies and each complying cable network is rewarded with that CPM applied to its viewership numbers. Any network which fails to synchronize gets the normal cable CPM for a stand-alone commercial. If the total number of viewers of a synchronized commercial is equivalent to that of the third rated broadcast network, the CPM rate used for that broadcast network applies and each complying cable network is rewarded with that CPM applied to its viewership numbers. Any network which fails to synchronize gets the normal cable CPM for a stand-alone commercial. If the total number of viewers of a synchronized commercial fails to meet some minimum number, the normal cable CPM rates apply to all participants. This is just one example of how the compensation and incentive plan can be structured from a business perspective.

The Examiner is correct that Hite '974 describes a financial incentive for synchronizing commercials, so as to enable a partial or full "road block" against surfing away from commercials. Compare Hite '974 Abstract with OA, pp. 5-6. The problem that

Hite proposes to solve is described in the Background and Summary of Invention, col. 1, as follows:

Cable operators sell advertising at a substantial discount compared to the broadcast networks because of the fragmented nature of the cable viewing situation. Cable viewers can "channel surf" and avoid commercials. While the total number of advertising spots in a cable system is very large, the number of viewers per channel is relatively small. This makes for inefficient advertising and results in a substantial lost opportunity for the cable industry.

The sale of commercials is done on the basis of a "cost per thousand" viewers (CPM) parameter. The CPM for broadcast networks is typically more than double - in some cases triple- that of cable programmers.

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It is another object of the present invention to provide a process by which many, most, or all of the cable programmers synchronize their programming and insert the same commercial simultaneously.

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A full "road block" would be a situation in which all channels had the same commercial at the same time. No matter what channel the viewer tuned to, he would see the same commercial. This was occasionally done with approximate timing when there were just three networks. With the addition of more channels, particularly on cable, the "road block" approach has become nearly impossible to accomplish. ... It is a further object of the invention to provide a system and process which will overcome these problems and make a partial road block feasible.

One of skill in the art would read Hite '974 and understand it as teaching a way to thwart viewers from avoiding commercials. Cable TV networks would pay programmers a bonus to make synchronized commercial slots available, so that the same commercial might be played on all channels at once. The financial incentive would be to increase the CPM paid in unpopular programs, to be on par with popular programs.

We respectfully disagree with the Examiner's assertion that cable networks paying programmers to synchronize their programming to facilitate "road block" insertion of commercials would inspire the claimed arrangement. The similarity that we see between Hite '974 and the claim is that money flows upstream to the program content providers. But the claim reads, "reimbursing source content suppliers for a financial loss occasioned by removed material, wherein the source content

suppliers are distinct from an operator of the distribution head end" and the Examiner has acknowledged that Hite does not teach this. We either disagree with or don't understand the Examiner's broad assertion that Hite's "compensation and incentive plan ... meets the scope of claim." We don't see the similarity.

Combining Hite '170 with Hite '974 produces an entirely different outcome than the Examiner suggests (OA, p. 6). Hite '170 provides customized commercials to match the "viewer's interests and needs." Col. 3, lines 21-22. As Hite '170 explains in col. 3, lines 61-64 (OA, p. 3, line 2), commercials in broadcast programs are marked preemptable or not. The preemptable commercials can be replaced by the cable network operator with customized commercials. Nothing in the passages cited suggests that the VIEWER, as opposed to the cable network operator, has the option of preempting a commercial. Hite's objective in both of the references is to increase the effectiveness and profitability of advertising.

Hite '974 provides a mechanism for covering all channels with the same commercial.

The common sense and logical combination of Hite '170 and '974 would be to identify a commercial of greatest interest to the viewer and insert that commercial onto all channels simultaneously, so that the viewer could not surf away. This common sense combination is expressly announced at Col. 4, lines 8-11 of Hite '170, "This advertisement can be presented to the viewer either in a single preemptable position in a specific program or during the simultaneous break in programming across all channels received at the point of usage." In the face of Hite's description of how to combine the references, it is established with evidence that only hindsight and reliance on our claim language would lead one of ordinary skill in the art to combine Hite's references in the manner that the Examiner suggests.

Therefore, claim 1 should be allowable over Hite '170 in view of Hite '974.

#### Claim 2

**Claim 2** includes the limitations:

*The process as set forth in claim 1, further including time shifting two or more programs to fill time space resulting from removing the undesired segments from the TV program*

The Hite references do not call for removing commercials. They call for customizing

what commercial the viewer sees.

The variable playback speed feature of Hite '974's "optional Time Compressor/Expander 212" (col. 7, line 27; OA, p. 7) provides variable playback speed rather than time shifting. In fact, using variable playback speed is a way to avoid time shifting. Given imperfections in delivery of programming, the variable playback speed compresses or expands a segment to match its intended slot, thereby saving variation in one segment from requiring timeshifting of another segment.

Therefore, claim 2 should be allowable over Hite '170 in view of Hite '974.

#### Claim 5

**Claim 5** includes the limitations:

*a shared personal video recorder (PVR) network server at a distribution system head end, said PVR network server for storing multiple TV programs with one or more TV programs containing TV metadata defining unwanted program segments of the TV programs;*

*a processor and logic coupled to the shared personal video recorder network server adapted to compare the TV metadata with the stored metadata and to remove undesired program segments from a the specific program to prepare the specific program for delivery to a specific TV display; and*

*further logic adapted to cause reimbursement of a source content supplier, the source content supplier distinct from the operator of the distribution system head end, for financial loss from removal of the undesired program segments from the specific program.*

These limitations are not found in Hite '170 in view of Hite '974, as described above in the context of claim 1.

Therefore, claim 5 should be allowable over Hite '170 in view of Hite '974 for at least the same reasons as claim 1.

#### Claim 6

Claim 6 is allowable for at least the same reasons as claim 2, which it resembles, and claim 5 from which it depends. Therefore, claim 6 should be allowable over Hite '170 in view of Hite '974.

#### Claim 9

**Claim 9** includes the limitations:

*personal video recorder (PVR) server that stores multiple TV programs with one or more such programs containing TV metadata defining unwanted program segments of the TV programs;*

*a processor and logic coupled to the shared personal video recorder network server adapted to receive user instructions on demand to remove undesired program segments from a specific program, to evaluate the TV metadata of the specific program, and to remove the undesired program segments from the specific program; and*

*further logic adapted to cause reimbursement of a source content supplier for financial loss from removal of the undesired program segments from the specific program.*

These limitations are not found in Hite '170 in view of Hite '974.

The Examiner's citations of cols. 11-12 of Hite '974 (OA, p. 9, mid-page) refers to description of a parental control that blocks an unauthorized viewer from viewing a particular channel. For instance, locking children out of adult channels. This feature of Hite '974 does not establish a *prima facie* case of obviousness of a local PVR that removes undesired program segments from a specific program – Hite '974 blocks whole channels; it does not enable selective removal of program segments, much less couple to reimbursement of program providers for skipped commercials.

Therefore, claim 9 should be allowable over Hite '170 in view of Hite '974.

#### Claim 10

Claim 10 is allowable for at least the same reasons as claim 2, which it resembles, and claim 9 from which it depends. Therefore, claim 10 should be allowable over Hite '170 in view of Hite '974.

Applicants respectfully submit that claims 1-2, 5-6 and 9-10 should be allowable over Hite '170 in view of Hite '974.

#### Rejection Under 35 U.S.C. § 103(a) of Claim 7 and 11

The Examiner rejects **claim 7 and 11** under 35 U.S.C. § 103(a) as unpatentable over Hite et al. (US Patent No. 5774170) (herein after Hite '170); in view of Hite et al. (US Patent No. 5805974) (herein after Hite '974); further in view of Logan et al. (US Pub. No. 2003/0093790).

#### Claims 7 and 11

**Claims 7 and 11** include the limitations:

*further including logic adapted to record and report viewer decisions to automatically remove undesired program segments.*

*further including logic adapted to record and report viewer decisions to automatically remove undesired program segments.*

These limitations are not found in Hite '170 in view of Hite '974; further in view of Logan.

In the same column of Logan, on which the Examiner relies, paragraphs 289-291 emphasize the importance of "prevent[ing] the user from skipping the advertising ... [S]egment start and end marks may be placed in such a way that advertising, which supports a segment, is always included in the segment." ¶ 0290. This makes it clear that Logan's philosophy of enhancing the advertisers' position and the primacy of advertisements in programming matches Hite. The combination of these references by one of ordinary skill in the art would inhibit skipping of ads, while improving their relevancy. That common sense combination does not establish a *prima facie* case of obviousness.

Moreover, the cited paragraphs 0294, 0295, 0421 do not supply the limitation that is admittedly missing from Hite. Logan prevents users from skipping commercials, rather than reporting choices to automatically remove them.

Therefore, claims 7 and 11 should be allowable over Hite '170 in view of Hite '974; further in view of Logan.

Applicants respectfully submit that claims 7 and 11 should be allowable over Hite '170 in view of Hite '974; further in view of Logan.

**CONCLUSION**

Applicants respectfully submit that the pending claims are now in condition for allowance and thereby solicit acceptance of the claims as now stated.

Applicants would welcome an interview, if the Examiner is so inclined. The undersigned can ordinarily be reached at his office at (650) 712-0340 from 8:30 a.m. to 5:30 p.m. PST, Monday through Friday, and can be reached at his cell phone at (415) 902-6112 most other times.

***Fee Authorization.*** The Commissioner is hereby authorized to charge underpayment of any additional fees or credit any overpayment associated with this communication to Deposit Account No. 50-0869 (GBTV 1001-1).

Respectfully submitted,

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